

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2020/2021

BAC1614 – FUNDAMENTALS OF FINANCIAL ACCOUNTING

(All Sections/ Groups)

8 MARCH 2021
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

- (a) This question paper consists of **7** pages excluding cover page with **4** questions.
- (b) Answer **ALL** questions.
- (c) Write your answers in the answer booklet provided.

QUESTION 1

Sabella Sdn. Bhd. prepares yearly financial statements. Below is the Adjusted Trial Balance as at 31 December 2019.

Sabella Sdn. Bhd. Adjusted Trial Balance as at 31 December 2019		
Account Title	Debit (RM)	Credit (RM)
Cash	334,800	
Bank	680,000	
Accounts Receivable & Accounts Payable	525,800	556,000
Office Supplies	136,000	
Prepaid Insurance	96,000	
Inventory as at 1 January 2019	200,000	
10% Fixed Deposit	100,000	
Land and Building	1,559,220	
Vehicles	400,000	
Accumulated Depreciation – Vehicles		40,000
Machines	1,000,000	
Accumulated Depreciation – Machines		70,000
10% Long-term Loan		1,600,000
Dividends Payable		150,000
Ordinary Share Capital		1,935,600
Retained Earnings (1 January)		350,900
Purchases and Sales	422,000	1,130,220
Return Inwards and Return Outwards	35,500	21,100
Discount Allowed and Discount Received	5,800	8,340
Carriage Inwards	13,660	
Carriage Outwards	26,880	
Duty on Purchases	6,900	
Salaries Expense	77,000	
Internet Wi-Fi Expense	13,600	
Dividends	150,000	
Bad Debts	30,000	
Water & Electrical Expense	24,000	
Miscellaneous Expense	25,000	
Total	5,862,160	5,862,160

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Analysis has been done towards the account balances prepared by the company's accountant. Listed below are the additional transactions to be adjusted at the end of the year:

1. Closing inventories as at 31 December 2019 was valued at RM150,000.
2. Internet Wi-Fi expenses are charged RM1,360 per month by cash. The amount stated above does not include charges for November & December 2019.
3. Office supplies revealed that RM13,000 has been used as at 31 December 2019.
4. Prepaid insurance for eight years was purchased on and effectively used from 1 January 2019.
5. Advertising expenses amounted RM22,000 is accrued of which yet to be recorded at the end of the year.
6. Interest on long-term loan is accrued during the year.
7. Additional bad debts of RM5,000 was to be written off.
8. Fixed deposit was invested on 1 July 2019. The half year interest was yet to receive.
9. Depreciation for the year to be computed as follows:
 - a. Vehicles are 10% using straight line method.
 - b. Machines are 7% using reducing balance method.

Required:

- (a) Prepare the Statement of Profit or Loss for the year ended 31 December 2019.
(11 marks)
- (b) Prepare the Statement of Retained Earnings for the year ended 31 December 2019.
(5 marks)
- (c) Prepare the Statement of Financial Position as at 31 December 2019.
(9 marks)

Show all your workings.

[TOTAL 25 MARKS]

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QUESTION 2**Part A**

Ameena Berhad completed the following merchandising transactions using a perpetual inventory system.

March 4	Ameena Berhad uses as a purchase invoice the sales invoice prepared by Ronella Enterprise of RM7,600 with credit terms 10/12, n/30.
6	Upon delivery of the goods, Ameena Berhad pays RM300 for freight charges by cash.
8	Ameena Berhad returned goods costing RM600 to Ronella Enterprise.
10	Sold goods on account to Stailista Co. at RM10,000, term 1/10, n/30. The cost of the goods sold was RM4,200.
14	Ameena Berhad pays the balance due to Ronella Enterprise.

Required:

Prepare the journal entry to record the transactions above.

(6 marks)

Part B

Doodlekids Berhad uses perpetual inventory system and FIFO method. The following information is available for the month of April 2019:

1	Beginning inventory	40 units @ RM5
10	Purchase	40 units @ RM8
15	Sales	30 units
18	Purchase	20 units @ RM9
21	Sales	30 units

Required:

Prepare a schedule to show cost of goods sold and the value of the ending inventory for the month of April 2019.

(14 marks)

Continued...

Part C

Listed below are items for bank reconciliation for Elandra Berhad for the month of May 2019:

1. Deposit in transit, RM3,200.
2. The bank deducted RM200 for a cheque written by another company.
3. Outstanding cheques of RM2,680.
4. EFT receipt of rent revenue, RM1,800.
5. Bank collection of note receivable, RM4,200.
6. Interest revenue earned on bank balance, RM60.
7. Recorded cheque no. 888 for RM2,100. The amount actually paid to Janine Co. on account was RM1,200.
8. Bank service charge, RM40.
9. NSF cheque from Mint Ent., RM100.
10. EFT payment of insurance expense, RM800.

Required:

By using the items in the box below, identify where the amount would be located or otherwise treated in the bank reconciliation process.

Code	Treatment
A	Add to the cash balance per books
B	Deduct from the cash balance per books
C	Add to the cash balance per bank
D	Deduct from the cash balance per bank

(5 marks)

[TOTAL 25 MARKS]

QUESTION 3**Part A**

The following is information extracted from the books of TRIO Trading.

Type of Assets	Cost of Assets (RM)	Accumulated as at 31/12/2018 (RM)	Method of Depreciation	Rate of Depreciation
Furniture and Fittings	15,600	3,900	Straight line method	5%
Machinery	125,500	23,845	Declining balance method	10%

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During the year 2019, Allen Trading purchased the following assets.

Assets	Date of purchase	Cost (RM)
Furniture and Fittings	1 March 2019	12,500
Machinery	1 April 2019	42,200

Required:

- a) Calculate the depreciation expenses for each asset for the year 2019.
(5 marks)
- b) Provide journal entries for each asset.
(4 marks)
- c) Prepare the Balance Sheet (extract) as at 31 December 2019
(6 marks)

Part B

Digital Creation is a digital publishing platform offering services by selling electronic books. Customers can choose to subscribe the electronic books for RM140 per year or RM250 for two years. During the year 2019, 640 subscriptions were sold, 410 for a year subscription and remaining for two years subscriptions. All subscriptions were paid in cash. Assuming the subscriptions start on January 2019.

Required:

- a) Determine the amount of cash collected by Digital Creation during the year.
(3 marks)
- b) Determine the amount of revenue earned by Digital Creation during the year.
(4 marks)
- c) Determine the amount of unearned revenue on 31 December 2019.
(3 marks)

[TOTAL 25 MARKS]

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QUESTION 4**Part A**

The following information was extracted from Melawi Trading as at 30 September 2019.

	Debit	Credit
	RM	RM
Purchases and sales	90,000	130,000
Inventories as at 1 October 2018	24,000	
Sales return and allowance	1,300	
Discount allowed	600	
Rental received		1,600
Salary and wages	8,000	
Utility expense	6,000	
Purchase return and allowance		2,200
Discount received		800
Accounts receivable and payables	16,000	21,500
Cash in hand	6,000	
Prepaid salary and wages	300	
Accrued utility		300

Additional information:

1. The inventories as at 30 September 2019 were RM30,000.

Required:

Compute the following ratios for 2019. Show all workings.

- a) Current Ratio
- b) Acid-test ratio
- c) Inventory turnover
- d) Profit margin
- e) Account Receivable turnover

(15 marks)

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Part B

Bestari Jaya Berhad (BJB) acquired a 12 % Bond of RM200,000 due in 5 years with interest payable semiannually on 1 May and 1 November. The bond was purchased on 1 May 2017 at RM225,268, a price to return 10% on the investment.

On 1 November 2017 and 1 May 2018, BJB received the interest on the bonds. On 1 August 2018, BJB sold the bonds at 107 plus accrued interest. (Rounding figures to the nearest ringgit).

Required

- a) Prepare the journal entries to record the payment of interest in 2017 and 2018, assuming that the entries for the premium amortization are made at the time interest is paid. (Use the effective-interest method). Show all workings.
(5 marks)
- b) Prepare the journal entry to record the sale of bonds by BJB (Bondholders). Show all workings.
(5 marks)

[TOTAL: 25 MARKS]

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